

MINUTES

**MONTANA HOUSE OF REPRESENTATIVES
58th LEGISLATURE - REGULAR SESSION**

COMMITTEE ON STATE ADMINISTRATION

Call to Order: By **CHAIRMAN DEBBY BARRETT**, on January 10, 2003 at
8 A.M., in Room 455 Capitol.

ROLL CALL

Members Present:

Rep. Debby Barrett, Chairman (R)
Rep. Dee Brown, Vice Chairman (R)
Rep. Larry Jent, Vice Chairman (D)
Rep. Norman Ballantyne (D)
Rep. Arlene Becker (D)
Rep. Sue Dickenson (D)
Rep. Carol Gibson (D)
Rep. Daniel S. Hurwitz (R)
Rep. Hal Jacobson (D)
Rep. Larry Lehman (R)
Rep. Ralph Lenhart (D)
Rep. Alan Olson (R)
Rep. Bernie Olson (R)
Rep. Don Roberts (R)
Rep. Jonathan Windy Boy (D)
Rep. Cindy Younkin (R)

Members Excused: Rep. Pat Wagman (R)

Members Absent: Rep. Clarice Schrumpf (R)
Rep. Frank Smith (D)

Staff Present: Joan Reiman, Committee Secretary
Sheri Heffelfinger, Legislative Branch

Please Note: These are summary minutes. Testimony and
discussion are paraphrased and condensed. Time counters precede
the testimony.

Committee Business Summary:

Hearing(s) & Date(s) Posted: HB 34, 12/19/2000;
HB 37, 12/19/2000; HB 38, 12/19/2000; HB 41, 12/19/2000
Executive Action: None

HEARING ON HB 34

Sponsor: REP. HAL JACOBSON, HD 54, Helena

Opening Statement by Sponsor:

{Tape: 1; Side: A; Approx. Time Counter: 3.5 - 5.6}

REP. JACOBSON said this is a consumer protection issue. Some sales finance companies without a physical office in Montana maintain that they are not "doing business in the state," but if it involves Montana consumers, they should be licensed and subject to regulations under law.

Proponents' Testimony:

{Tape: 1; Side: A; Approx. Time Counter: 5.7 - 9.8}

Peter Funk, Legal Counsel, Department of Administration, provided an informational handout, which showed this bill is to amend Montana Codes Annotated (MCA) where it is not crystal clear now. The only substantive changes are on lines 13-14, and would make clear that companies buying contracts from residents of Montana, wherever that company may be physically located, will be subject to regulation in Montana.

EXHIBIT (sth05a01)

Questions from Committee Members and Responses:

{Tape: 1; Side: A; Approx. Time Counter: 10.3 - 13.9}

REP. CINDY YOUNKIN asked how many companies are currently licensed here as sales finance companies. Mr. Funk said 137 licensed, 28 are not Montana corporations, leaving the balance of 109 being out-of-state companies. REP. LARRY LEHMAN asked if, when these contracts are sold, the interest rate would change. Mr. Funk said it is not permitted by law. REP. CAROL GIBSON asked why banks are exempted from this regulation. Mr. Funk speculated that the theory is that banks, savings and loans, and trust companies are already regulated, but sales finance companies are not. Federal agencies monitor those other types of organizations, he said.

Closing by Sponsor:

{Tape: 1; Side: A; Approx. Time Counter: 13.9 - 14.5}

REP. JACOBSON thanked Department of Administration for the succinct information summary, and urged members to pass this bill.

HEARING ON HB 41

Sponsor: REP. MARK NOENNIG, HD 9, Billings

Opening Statement by Sponsor:

REP. MARK NOENNIG said he drafted this bill by request of the Legislative Council.

{Tape: 1; Side: A; Approx. Time Counter: 15.1 - 21.8}

Questions from Committee Members and Responses:

{Tape: 1; Side: A; Approx. Time Counter: 22.4 - 26.2}

REP. LARRY LEHMAN asked if this was a housekeeping bill. REP. NOENNIG said he does not like to label it as such, because it is more important than that. The bill will not affect goodwill trips, standing committees or information gathering trips. It was given a unanimous vote in the subcommittee. He provided a copy of MCA 5-11-301 from 2001 and noted that part (1) was unclear about definition of "member." If the Legislative Council were to become a member of an organization, the funds must be appropriated for member travel to conference sites. REP. DEE BROWN asked how much this bill will cost the state if it is implemented. Mr. Funk referred the question to Lois Menzies, Executive Director, Legislative Services Division, who stated there would be no fiscal impact and thus there was no fiscal note attached. She stated that HB 2 in this Session could appropriate funds which could be used by Legislative Council. REP. WINDY BOY asked the sponsor to clarify who this bill applies to, and if it applies to any of the tribes. REP. NOENNIG replied that it applied to whatever organization currently has membership. It does not create any of those organizations.

EXHIBIT (sth05a02)

Closing by Sponsor

{Tape: 1; Side: A; Approx. Time Counter: 26.2 - 27.4}

REP. NOENNIG said that participation in some of these national organizations has not been funded. Some organizations have allowed participation even if attendees do not pay. He said he was not sure if this was or was not a housekeeping bill, but urged members to pass it.

HEARING ON HB 38

Sponsor: REP. ALAN OLSON, HD 8, Roundup

Opening Statement by Sponsor:

{Tape: 1; Side: A; Approx. Time Counter: 27.4 - 28.2}

REP. ALAN OLSON said that lobbyists in Montana are authorized for a two-year period. Over 500 principals employ lobbyists in this state. They are subject to reporting requirements, but enforcement of deadlines is difficult. They must report yearly by February 15, must report if they receive over \$5,000 in a one-month period, and other mandatory reports. Some 10-12% of lobbyists are filing late, and these are repeat offenders. Some states impose late filing penalties. This state has no redress except to file a lawsuit.

Informational Testimony:

{Tape: 1; Side: B; Approx. Time Counter: 1.6 - 13.3}

Ms. Linda Vaughey, Commissioner of Political Practice, provided an informational exhibit with a brief history of Montana's Lobbying Act. She stated that in 1980 a successful petition effort resulted in I-85, passed by voters 3-1, to allow the public to know what lobbyists spend. If they do not report in a timely matter, taking them to court is very expensive. She said she tried publishing their names in the newspaper and on the Commissioner of Political Practice website, but without much success toward getting those reports in. She said the state still has 6-10 principals who had not filed a post-session report from 2001, with no penalty in place to be levied against them. One then came with their report two years late, just before this Session and was therefore immediately allowed to re-register as a lobbyist for this Session. Ms. Vaughey said HB 38 could encourage earlier filing and save her staff time. Letters of notice on late reports are legal documents and must be sent certified. Exhibit 3 showed an Amendment to House Bill 38 providing that offenders would no longer be subject to criminal action but to civil action, which can be proven by a lesser standard of truth. The penalty would start the next day after the due date of late reports. Exhibit 3 included list of late filing fees in other states. She said other states have tried various penalties.

EXHIBIT (sth05a03)

Questions from Committee Members and Responses:

{Tape: 1; Side: B; Approx. Time Counter: 13.4 - 20.1}

REP. DEE BROWN asked if Ms. Vaughey's office has to notify the legislature of the lobbyists and whom they represent. **Ms.**

Vaughey said a weekly report is sent to both houses and Legislative Services Division, through January. The list is updated monthly. **REP. BROWN** then asked if this list distributed to committee chairmen could be given to all legislators. **Ms.**

Vaughey said it is thick - several hundred pages - but that she will deliver it to more locations. **REP. BROWN** suggested distribution to the Chief Clerk's office and by the House floor mailboxes. She said it is valuable information for the freshmen legislators to learn of lobbyists who are not reporting timely.

REP. DON ROBERTS asked what the reasons are why lobbyists file late. **Ms. Vaughey** said the main reason is that there's no incentive to get the report in. She noted that the majority are filed timely. She said as a courtesy, she used to send notices to the lobbyists as well as their principals, but that is a lot of letters. She will be e-mailing lobbyists now to advise them of report deadlines. **REP. LARRY LEHMAN** asked the difference between the amendment and Sec. 4 subsection 1. **Ms. Vaughey** deferred to her legal counsel, **Jim Shier, Attorney General's office**, who said Sec. 2 automatically assesses a late penalty vs. Sec. 4 provides for a penalty but that the state must sue the offender to collect it. He showed a list of names of those who are late reporting.

{Tape: 1; Side: B; Approx. Time Counter: 20.1 - 22.8}

Closing by Sponsor

REP. ALAN OLSON said this bill would put teeth into the current law and give the Commissioner of Political Practices the tools she needs to ensure compliance. He noted that "the list of offenders has shrunk since the word got out that this list was published." He urged passage of the bill.

HEARING ON HB 37

Sponsor: REP. JOHN SINRUD, HD 31

Opening Statement by Sponsor:

{Tape: 1; Side: B; Approx. Time Counter: 28 - 30} and

{Tape: 2; Side: A; Approx. Time Counter: 0.2 - 2.9}

REP. JOHN SINRUD said this bill is a security measure. The lines to be struck out involve the public getting free copies of documents. But if the public is to pay, the cost involves more than the cost of paper. It would not be practical to let the public have possession of files to make their own copies, thus staff will have to charge and set a standard rate.

Informational Testimony:

{Tape: 2; Side: A; Approx. Time Counter: 2.9 - 3}

Ms. Linda Vaughey, Commissioner of Political Practices, testified it is labor intensive for her staff to provide copies of files to the public when it may involve going to the storage in the basement, taking out 20 files, removing staples, photocopying the documents, then re-stapling them and replacing them in the basement again. By assessing a fee that reflects actual time demands on staff, as well as the lesser cost of the paper, her office would be able to maintain better control of the process.

Questions from Committee Members and Responses:

{Tape: 2; Side: A; Approx. Time Counter: 3 - 9}

REP. DEE BROWN asked if the estimation of staff time and wages spent providing the information was not a subjective decision. She asked where the equity was for the consumer who must (pay to) get information out of perhaps 20 files. She said some people work faster than others. **Ms. Vaughey** replied that performing the work speedily and without delay was a matter of her office's integrity and the office supervision. **REP. BROWN** said a statute would stay for years but that Ms. Vaughey's staff may come and go over the years. **Ms. Vaughey** said she will address this in office policy, that staff already has one job to do and making copies is extra work so they would want to quickly dispatch the interruption. They don't have "down" time, she said. **CHAIRMAN BARRETT** asked how far back their records went. **Ms. Vaughey** answered ten years, then they are submitted to the Montana Historical Society for archival. There is a required biennial report listing all ballot issues, candidates, etc., that runs to 1,200 pages.

Closing by Sponsor

{Tape: 2; Side: A; Approx. Time Counter: 9 - 10.9}

REP. SINRUD restated that this is a security issue. Records must be kept 10 years and listed on a 10-Year Report so it's important that the public not be allowed to handle and copy files, and be able to perhaps take away files that are public records and should be kept secure from pilfering.

ADJOURNMENT

Adjournment: 9:20 A.M.

REP. DEBBY BARRETT, Chairman

JOAN REIMAN, Secretary

DB/JR

EXHIBIT (sth05aad)